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ABSTRACT

This evaluation study developed 29 recommendations concerning the implementation of direct loans in providing financial assistance to postsecondary school students. The investigation included examination of a current Department of Education (ED) pilot program, a video teleconference to discuss direct lending with 23 individuals in education finance and policymaking, telephone interviews before and after the teleconference with participants and with others who did not participate, meetings with several State University of New York officials, review of materials, and interviews with senior managerial staff at New York University. Key recommendations flowing from the investigation were: (1) design the system to take full advantage of existing systems; (2) amend the statute so schools can phase in the new program; (3) allow schools to certify loan eligibility electronically and transmit student records to ED electronically which would then print the promissory note; (4) make sure ED contractor integrates ED's system with the Internal Revenue Service (IRS) so collections and collection options are maximized; (5) communicate plans, timetables and likely impact on students as soon as possible, particularly to the high school population and media; and (6) use IRS data for verification and to feed an automated reapplication process and collections. Appendixes contain correspondence. (JB)

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ED 372 674

Direct Lending:

How to Improve Implementation

by
Dr. Keith Jepsen

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Prepared under contract to the

National Commission on Responsibilities for
Financing Postsecondary Education

March 22, 1993

HE 027 557

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About the Contractor

Keith Jepsen, Adjunct Associate Professor of Higher Education at New York University (the largest private university in the U.S.), is currently teaching the NYU graduate course in Financing Higher Education. He has also been NYU's Director of Financial Aid since 1989, arriving after 8 years with the Illinois guarantee agency where he was chief operating officer, and 9 years with ACT, where he was AVP and Director of Operations, responsible among other duties for the department which implemented what is now called the Central Processing System for all Title IV federal student aid. Over the course of several years Jepsen also consulted for a major lender which he helped decide to enter the student loan business. It became the second largest student loan lender for Illinois. His nearly 30 years in student aid delivery at the national, state and university levels make him uniquely suited to comment on direct lending.

The views expressed in this paper are the personal views of the contractor and are focused on the contracted task, implementation of direct lending, not whether there should be direct lending. The paper does not represent, nor should it be construed as, the position of NYU nor of any person or organization consulted in the course of its writing. The contractor wishes to thank Pam Arch, Bill Banks, Stephen Blair, Lynne Brown, Doug Bucher, Bob Butler, Tom Butts, George Chin, John Curtice, Chad Dore, Fred Eckert, Ken Fauerbach, David Finney, Kathleen Fonseca, Betsy Hicks, Kay Jacks, Peter Keitel, Dallas Martin, Joe McCormick, David McDermott, Jim Miller, Scott Miller, Steven Moxness, Tony Olivero, Larry Oxendine, John Schneider, Dennis Scott, Edith Simchi-Levi, Ken Snyder, Paul Stutsman, and Tom Wenman.

Executive Summary

The National Commission on Responsibilities for Financing Postsecondary Education, which contracted for this report, recommended a direct loan program. Accordingly the analysis and recommendations presented here are aimed at how to best implement the program, and are not about the pros and cons of direct lending. This paper recommends changing the approach understood to be required by the current statute as well as that reported to be planned by the U.S. Department of Education. If implemented, the recommended changes would mean additional reductions in administrative burden and reduced institutional liability for schools, increased savings for taxpayers, and greater acceptance among colleges and universities.

The most important improvements include:

1. Designing the system to take full advantage of the existing systems, including the Central Processing System, and beginning with the Free Application of Federal Student Aid (FAFSA) as the single form for all Title IV student aid. Minimize any new systems work required.

2. Amending the statute so schools could have the option to phase in the new program (not continue the current "all or nothing" provision that is in law for the pilot) over several years, certifying 1994-95 loans for <u>some</u> or all of their <u>**new**</u> students, especially freshmen, and if they wish, continuing their current students under the existing program until most of those students graduate at the end of 1996-97. By 1997-98 all (new and continuing borrowers) students would be borrowing under the new program. This is how we started Pell Grants in 1973-74 and it worked.

3. Allowing the schools the option to certify loan eligibility electronically and transmit student records to **ED which would then computer print the promissory note**, mail it to the potential borrower for signature and return to ED if the student wants to accept

the aid administrator's recommendation to borrow the loan(s). (This could also be done through an ED subcontractor such as a guarantor acting for a school or consortium of schools). ED would then electronically notify the school and the school could draw down the funds, credit the students' account (or issue a check), and conduct entrance interviews as appropriate. The prototype for this approach is now in its fourth year in New York and works well. After 2 or 3 years, when people see this system does not "encourage needless borrowing", the next step would be to eliminate the promissory note as a separate document and include the "Promise to Pay" statement in the certification section of the Free Application for Federal Student Aid (FAFSA).

4. Making sure ED's contractor is directed to integrate ED's system with IRS so collections and collection options (Income Contingent Repayment; National Service "forgiveness") can be maximized. The "back end" of the system has to be ready for collections within 6-12 months of start-up due to career schools, etc.

5. Amending the statute so that the current pilot and pilot evaluation requirements are eliminated. Money and effort can be saved, particularly at ED which is trying to have a system ready by next spring. If ED is not unnecessarily engaged in research activities such as sampling, selection of schools, control group identification, report writing, etc., it can achieve more in a short time. Also existing systems (the Central Processing System, etc.) can be expanded and used if there is no artificial constraint of "stand alone" systems due to a study design. Implementation should be structured so that schools act as evaluators "real time" and collaborators on improvement continuously. There is no need to wait 4 or 5 years and do a study if direct lending is phased in properly. Also it would be safer and cheaper to expand an existing system than to build a new one.

6. Communicating plans, timetables and likely impact on students as soon as possible with

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the high school guidance community and media is essential. The spring of 1993 is not too soon to announce designs for 1994-95.

7. Retaining and "incenting" a small number of banks and guarantors during the phase out years so there is no disruption of services or cash flow to students and schools. One example is continuing a guarantee agency's ACA percentage but based upon its loan portfolio until student loans are paid off rather than on new guarantees.

8. Using IRS data to do "verification" and to feed an automated reapplication process for all student aid as well as for collections.

9. Creating an "Alternate Disbursement System" (similar to the current ADS for Pell Grants) for students attending schools that cannot or do not administer funds properly.

10. Including a PLUS check off box on the FAFSA and having ED do the credit check and mail applications to parent borrowers when recommended by the aid administrator.

11. Using the Advisory Committee on Student Financial Assistance to evaluate the effectiveness of the new program on a continual basis - advising the Congress and the Secretary throughout implementation.

12. Training financial aid administrators and other professionals by July, 1993 in the details of the new options and procedures.

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Introduction

This report, which has been prepared under contract to the National Commission on Responsibilities for Financing Postsecondary Education, describes and comments on the Direct Loan Demonstration Project (DLDP) authorized in Part D of the Higher Education Amendments of 1992, and currently understood to be under development by the U.S. Department of Education (ED). The contractor was asked to suggest how the project could be improved, not to debate the pros and cons of direct lending.

Methodology

After award of the contract on February 18, 1993 the attached list (see Appendix A) of people were contacted to participate in a video teleconference to discuss direct lending. Many phone interviews preceded and followed the teleconference, not only with those who participated but also with those who could not or chose not to participate. Following a faxed agenda and outline (see Appendix B), on February 24 the teleconference included the following individuals in the cities indicated:

New York	Washington DC	Albany
Pam Arch	Stephen Blair	Bob Butler
Bill Banks	Tom Butts	John Curtice
Marcia Behrmann	Dallas Martin	Peter Keitel
Doug Bucher		Charles Tredwell
George Chin	**Austin**	Deborah Dam
David Finney		
Kathleen Fonseca	Joe McCormick	**Denver**
Keith Jepsen	Tom Wenman	
Laura Marek	John Schneider	Paul Stutsman
Edith Simchi-Levi		Dave McDermott

An edited videotape of the conference is included with this report, and the entire tape has been maintained for the contract files.

On February 26 the contractor met most of the day in Albany, NY with Larry Oxendine, Tom

Butts, SUNY Chancellor Dr. D. Bruce Johnstone, and aid administrators at SUNY led by John Curtice, Director.

Subsequent to these meetings many hours were spent in reviewing materials gathered, in phone conversations with authorities around the country, and in interviewing senior managerial staff at NYU. A first draft of this paper was delivered March 11, 1993.

Overview of Legislative Requirements

The ED secretary is currently required by law to select a pilot group of institutions that represent a cross section of all institutions of higher education participating in Part B student loan programs (Federal Stafford Loans, Federal SLS and Federal PLUS), now called the Federal Family Education Loan Program. Institutions will have an opportunity to volunteer for the demonstration project and initial selections will be made from the applicant group. If a representative sample cannot be drawn from qualified applicants, the ED secretary is required to select additional participants to complete the demonstration group.

ED is required to enter into agreements with institutions that share a combined loan volume of $500 million in the most recent year that data are available. Initial estimates indicate approximately 250 institutions may be involved in the demonstration project. By comparison, the loan volume for Stafford Loans, SLS and PLUS was approximately $14 billion in 1991-92. About 12,000 institutions, including more that 4,500 proprietary schools, participate in the Part B programs.

The law provides a schedule of activities to be carried out by the ED Secretary. To make loans for the 1994-95 school year the following deadlines are set forth in statute:

April 1, 1993:	Proposed Regulations Issued
July 1, 1993:	Publication of Final Regulations
October 1, 1993:	Closing Date for Institutional Applications to participate
January 1, 1994:	Publication of List of Participating Institutions and Control Group
February 1, 1994:	Contract Awards to Servicers

Loans may be issued on or after July 1, 1994, and the last are to be issued with the expiration of the Higher Education Act on June 30, 1998.

Institutions selected for the DLDP must be a participant in the Federal Stafford, SLS or PLUS programs to be eligible. The cross-section of institutions selected must include a representative sample based on the following characteristics:

- institutional control
- length of academic program
- highest degree offered
- size of student enrollment
- percentage of Part B student borrowers
- geographic location
- annual loan volume
- default experience
- composition of student body

The statute requires the Secretary to make an initial selection of institutions from the applicant pool representing the cross-sectional requirements. If an insufficient number of institutions apply, the Secretary may designate additional institutions to participate in the DLDP. An institution may decline the invitation to participate for "good cause", but will not automatically be released from participation.

In order to avoid any disproportionate impact on a Part B (the current programs) guaranty agency, the statute sets limits on the Part B loan guarantees that would be lost due to the demonstration project. The annual loan volume under Part D loans may not represent more than 15% of any agency's guarantees. In addition, the ED secretary shall determine that any guaranty agency affected by the demonstration remain financially sound.

The law provides that a group of institutions may apply for participation in the DLDP under a consortium arrangement. In addition, individual institutions selected to participate may enter into such arrangements in order to fulfill the terms of a participation agreement.

In Section 454 the statute establishes general participation guidelines for institutions. Basic institutional responsibilities include: identifying eligible students, estimating student financial need, originating loans for student and parent borrowers, providing borrower information in support of federal collection efforts, and participating throughout the duration of the demonstration period.

The promissory note would continue to be the property of the federal government. The institutional lender in this program serves as the agent of the ED Secretary for the purpose of

executing the note and disbursing the loan. Institutional liability might result from failure to perform functions pursuant to the participation agreement. For example, an institution would probably be held liable for an unsigned Part D promissory note, or for losing a note. The same participation terms apply to consortia entering into agreements with ED.

The DLDP requires the General Accounting Office (GAO) to examine the costs of operating a federal direct student loan program (as defined under Title IV, Part D) and compare the costs to the federal expense of operation under the existing Title IV, Part B FFELP. Schools will be selected to be part of a control group to provide comparative information.

It is very important to note that for purposes of the currently legislated demonstration project, student and parent borrowers become ineligible to receive regular Part B loans at participating DLDP institutions. In other words, a school is either all in the pilot or all in the regular program. It is believed, however, that the terms and conditions for borrowers of Part D and Part B loans will be similar, if not identical. The differences between the two programs are related to financial management and administration of federal student loan funds.

It is also believed that the DLDP will include an option for unsubsidized Stafford loans, which are now possible with Part B loans, even though that provision was not made in the initial, authorizing legislation. ED has said it will seek a technical amendment in the law.

There is no administrative cost allowance for institutions participating in the demonstration project. The statute specifically prohibits institutions from charging any administrative fees to students or parents for originating Part D loans (Section 454 [21][B]). GAO is required to

evaluate the experience of institutions with respect to this issue, however, and must report to Congress on administrative costs, including cost per loan, incurred by participating institutions. ED does, however, receive administrative funds ($10 million in FY93, $17 million in FY94, etc.) and has said it will use a portion of them to provide training to reduce institutional administrative costs.

Thirty-five percent of DLDP loans must offer the option of an income contingent repayment schedule. Section 453(f) requires that prior to implementing the repayment option, ED must establish a collection mechanism that will provide a high degree of certainty that collections will be made in accordance with the repayment option and that the use of the repayment option and collection mechanism will result in an increase in the net amount collected by the government. A separate part of the statute (see Section 454[6]) permits ED to set the terms and conditions for testing income contingent repayment methods. In addition, ED is required to provide a statement of the borrowers repayment obligation to the loan servicer, lender, or holder of a Part D loan, at least once a year.

Part D loans will be collected by loan servicer(s) awarded contracts on a competitive basis. ED is also required to select a contractor to establish and operate a central data system for the maintenance of records of Federal Direct Loans. Contracts will also be awarded for the collection of defaulted loans, programs for default prevention, and other programs determined necessary to ensure success in the DLDP.

ED is required to submit an annual progress and status report to Congress each year with the first report due not later than July 1, 1993. The law also requires the Comptroller General to

submit an interim final report to Congress no later than January 1, 1997 followed by a final report due May 1, 1998, both of which evaluate the experience of ED.

Description of the Pilot Operation Currently Being Developed by the U.S. Department of Education

The U.S. Department of Education specifications for the Federal Direct Loan Program Demonstration Program were prepared by ED staff in October, 1992. Because ED Direct Loan Program Director Larry Oxendine indicated that he felt it inappropriate to participate in this contracted report preparation, it is assumed that these details are still current. This seems like a reasonable assumption also based upon Mr. Oxendine's oral presentations in January, 1993 before the national Advisory Committee on Student Financial Assistance and on February 26, 1993 before the SUNY financial aid administrators, a day long session attended by this contractor.

The following is a summary based upon an understanding of the referenced ED requirements document, the oral presentations, and the exhibits on the next few pages. As seen in Exhibit 2 the system proposed is designed to be simpler for borrowers and schools.

Before School (Exhibit 1)

The system input will be the Free Application for Federal Student Aid (FAFSA) which would be designed for 1994-95 to collect any remaining loan data elements not on the 1993-94 FAFSA. This would mean elimination of a separate loan application and result in the need for only a promissory note to be signed by the borrower. After the school gets its data from the Central Processing System (CPS) it will make the aid package decision for each applicant as usual. If

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Exhibit

The Federal Direct Student Loan Program (FDSLP)

BEFORE SCHOOL

Student fills out FAFSA

School receives Electronic Student Aid Report (ESAR) from Central Processing System (CPS)

School determines student eligibility

School generates Promissory Note/Disclosure

School receives signed Promissory Note and forwards Promissory Note and Loan Record to Servicer

School transmits Draw Down Request via Servicer

IN-SCHOOL

School receives funds, makes first disbursement, and transmits first disbursement information to Servicer

Student receives a notification letter from Servicer

School performs reconciliation

School delivers further disbursements

School completes Student Status Confirmation requests

School performs exit interview

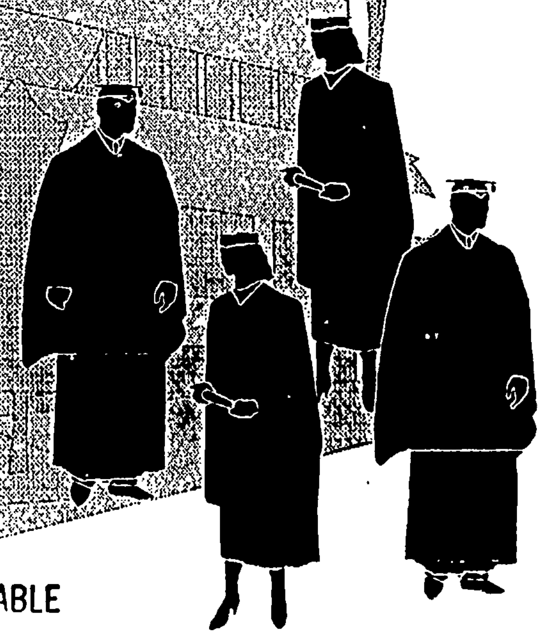
AFTER SCHOOL

Servicer sends student repayment schedule

Student sends in payments

Servicer processes deferments, forbearances, delinquencies, defaults, death, bankruptcies, and disabilities

Servicer acknowledges that the loans are paid in full



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Federal Direct Student Loan Program

background

The reauthorization of the Higher Education Act of 1965 (HEA) established the **Federal Direct Student Loan Program (FDSLP).** The FDSLP is designed to test the effectiveness of a direct student loan program in comparison to the Federal Family Education Loan programs (FFEL programs), formerly known as the Guaranteed Student Loan Programs.

In designing the FDSLP, the Secretary has three major goals:

- to create a simpler loan process for borrowers and schools
- to provide a highly responsive customer service to borrowers and schools
- to minimize potential liabilities for schools and taxpayers

description

Schools and borrowers will interact with one entity under a direct loan program rather than with multiple guarantors, lenders, and secondary markets that comprise the FFEL program.

In the FDSLP, the Federal government provides loan capital and the Secretary performs those functions formerly performed by private lenders and guaranty agencies. Participating schools assist the Secretary in originating the loan.

The Secretary's administrative costs for operating the FDSLP have already been appropriated through the end of the demonstration program -- there is <u>no question</u> that funding for administrative support will remain available.

Within the Department of Education, the FDSLP has a staff dedicated solely to developing, implementing, and overseeing the program.

Federal Direct Student Loan Program

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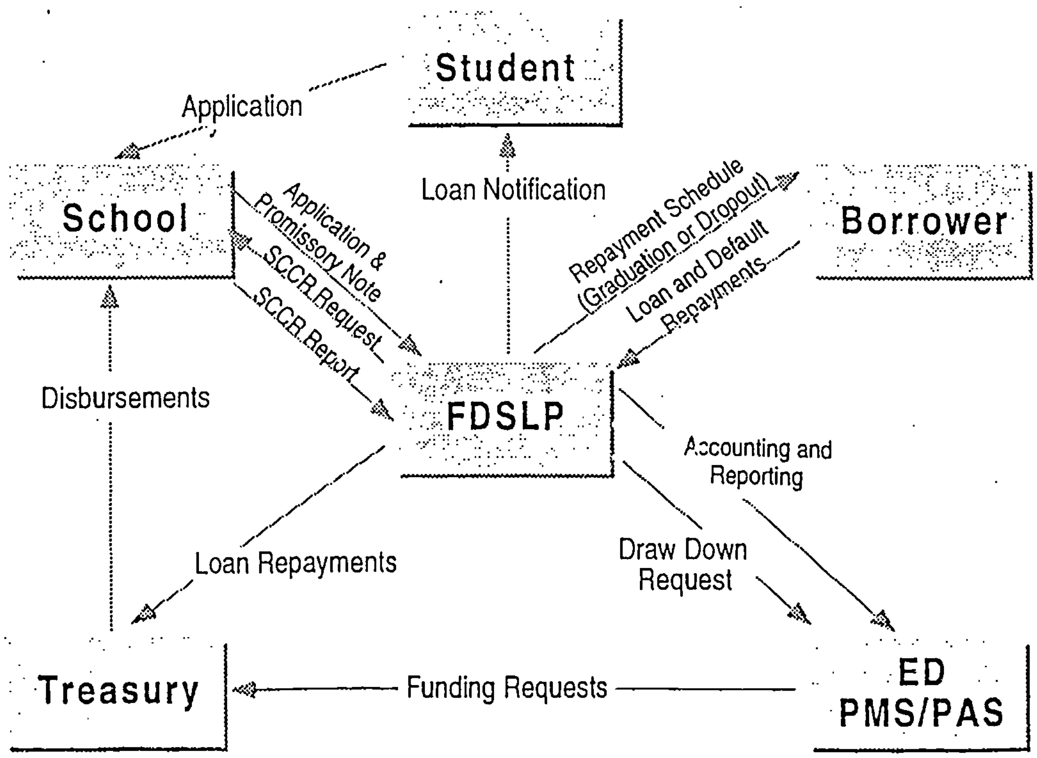
Federal Direct Student Loan Program

The Secretary will select a cross section of schools currently participating in the FFEL programs to participate in this demonstration program.

Schools participating in the FDSLP are not eligible to participate in the FFEL programs. Loans will be made under the FDSLP for the period beginning July 1, 1994 and ending June 30, 1998.

A control group of schools of the same size continuing to participate in the FFEL grograms will be selected and monitored for comparative evaluation purposes.

Federal Direct Student Loan Program (FDSLP) Overview



evaluation

The Secretary and the General Accounting Office will evaluate the experiences of the participating schools, students, and parents in the FDSLP, as well as the control group.

Among the factors that will be evaluated are the:

- General experience of both borrowers and schools within each of the programs
- Costs incurred by the Federal Government and schools in each of the loan programs
- Administrative burdern of each program for the Federal Government and for schools
- Administrative performance of ED
- Timeliness and availability of loan capital
- Delinquency and default rates, as well as the associated costs
- Effectiveness of the loan origination, delivery, and servicing systems
- Effectiveness of income contingent repayment

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issues

School Application/Selection Process

Schedule for NPRM

Funds Availability

Loan Origination and Document Flow

- Promissory Notes
- Entrance Counseling

Direct Loan Accounts

- Interest Income

Customer/Student Service

Exit Counseling/Debt Management

- On-line Access to FDSLP Data

Document Retention

Credit Checks for Direct PLUS Loans

Program Reviews/Audits

Training.

FDSLP

Federal Direct Student Loan Program

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the package contains a Federal Stafford loan the school, as currently being proposed, would send the student the promissory note, track it, and upon receipt back from the student would review and forward it to an ED servicer. This would continue until just prior to start of school when the institution would request its borrowers' funds from the Federal Reserve Bank through ED's servicer.

In-School

As school begins and the institution has received its borrowers' money via electronic funds transfer (EFT), the usual disbursement process of the school would take place. The school could credit the students account or prepare checks for the student. After disbursing funds to the student the school would electronically transmit this disbursement information to the ED servicer. Within 30 days after that the school must reconcile its accounts with ED. The student borrower would, in the interim, be sent a confirmation letter from the ED servicer.

This process would continue for all borrowers, year around, until the school year ends. The school would be expected to complete the Student Status Confirmation Report (SSCR) for ED upon request just as is now done for each of the many guarantors. In addition exit interviews would be done, presumably as now required by guarantors.

After School

When the school notifies the ED servicer that the student is no longer in school (usually via the SSCR) the servicer sends the borrower the repayment schedule. The student sends in payments, requests for deferments, forbearances, etc. to the ED servicer. It would presumably be here that national service loan forgiveness, income contingent repayment arrangements, etc. would be processed if Congress so directs.

Evaluation of the Manner in Which ED is Implementing the Pilot Program

As indicated in the recommendations the two main difficulties with how ED is planning the pilot are both its "all or nothing" approach as well as transferring the promissory note administrative burden and liability from lenders to schools. Both of these problems can be fixed however, as detailed later.

ED seems to be on schedule to issue Proposed Regulations on April 1, 1993, as required by the HEA. These will offer, of course, the first concrete opportunity to examine and evaluate ED's proposal in its entirety. The commentary below is based upon the current understanding of what will be proposed.

As a pilot, the DLDP will be operated as a separate entity from other financial aid program operations within ED. Requirements for research reports related to activities such as sampling, selection of schools, control group identification and the actual report writing, etc. have persuaded officials in ED to set the DLDP up as a unit staffed organizationally distinct from other financial aid units in ED. More importantly, the system to be developed is being described as an independent software project, thus losing the advantage of piggy-backing existing systems - particularly the Central Processing System.

DLDP participating institutions will be required to participate electronically. ED will provide special DLDP personal computer software to schools, free of charge, to facilitate electronic data exchange. This will help small schools, but large schools will need to develop software on their own using specifications provided by ED.

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ED is considering the use of imaging capabilities to support the collection and transmission of promissory notes and other relevant documentation from schools to ED. This method raises several issues about the legal admissability of imaged documents versus original documents. Those issues are now being explored by ED.

Loan servicing requirements will mirror the FFELP servicing requirements, although there may be greater due diligence requirements. Debt counseling will be the same as for FFELP and at no charge to borrowers.

The HEA currently requires ED to award five servicing contracts, at least one for servicing income contingent repayment loans. ED apparently plans to seek a technical amendment to allow them to award only one contract before the initial loans are made. There may be a second servicing contract awarded later to handle only income contingent repayment loans.

Schools will not receive an administrative fee for DLDP participation, even though they (the schools) become financially liable for errors and therefore presumably defaults as well as take on added work depending upon how the pilot is finally organized.

ED's approach to the DLDP reflects a mixture of innovation and adherence to tradition. Given that the FFELP has worked for nearly 30 years, this is generally a prudent course. DLDP does offer, however, the relatively rare opportunity to improve the program from the ground up. As such, it should strongly embrace practices and procedures that result in simplicity for both borrowers and institutions. Much is to be gained by utilizing technology that is in wide use in many financial institutions today. ED's proposal, while taking advantage of some technology,

is hampered by adherence to outdated notions of loan administration. This report offers more concrete examples and proposed solutions.

Comparison of Complexity for Students and Institutions in the Pilot versus Complexity in the Current Program

The pilot does, according to ED, plan to make administration of the loans less complex than the current program for students and schools. This is not true for some currently automated and nearly paperless operations at some large schools such as NYU. There will be only one lender, one guarantor (ED), and no secondary market. There would consequently be no complexity associated with nonstandard forms, processes, and policies. If some of the recommendations of this report are adopted the administrative burden that would have resulted (i.e. processing promissory notes that are not now processed) can also be avoided.

The pilot does not address the multiple, overlapping programs nor conflicting terms and conditions among programs. These problems could be addressed with legislative change, and should be decided at the same time it is decided whether the pilot would really proceed as planned.

DLDP introduces several ideas, practices and procedures that are either not currently possible or not widely practiced in FFELP administration. These are detailed below.

1. DLDP proposes using the FAFSA as the loan application. FFELP continues to use a loan application, separate from the FAFSA, although hopefully this problem can still be mitigated in 1993-94 if ED approves one form to be used nationally.
2. ED hopes to use imaging technology to transmit necessary records, especially promissory

notes. Currently, institutions have little to do with promissory notes since they stay with the lender. Under DLDP, institutions will issue and receive standard promissory notes (including references), before transmitting them to ED.

3. Institutions, under FFELP, are held harmless for due diligence in collections. DLDP requires institutional acceptance of responsibility and liability for any failure to perform its functions.

4. DLDP insists on electronic data exchange capabilities supported by ED supplied software for personal computers. FFELP is still largely characterized by paper transmissions. This will be problematic for a surprisingly large number of institutions, even with the distribution of free software to PC based schools.

5. It is not clear that the Treasury Department is prepared to deliver funds to institutions according to very tight time schedules. Failure to disburse funds in a timely manner holds grave consequences for many institutions.

6. It is not clear that Treasury has planned for or is prepared to raise the capital required to fund DLDP. First year estimates of need are as high as $750 million so far.

7. DLDP requires that 35% of the loans issued carry an income contingent repayment option. There must also be an approximately equal control group under FFELP. HEA does not, currently, carry the provision for income contingent repayments under FFELP. Also, no mechanism currently exists to verify income to establish repayment rates.

8. DLDP participating institutions will likely need to administer FFELP and direct loans simultaneously, or somehow convert (consolidation?) Part B loans to direct loans.

9. DLDP requires institutions to originate loans without collecting a fee from borrowers. FFELP pays a fee (included in Special Allowance Payment) to lenders to originate loans.

10. DLDP requires institutions to provide information about students and parents to collection

contractor(s) and provide disclosure of information to students. It is not known if there are ED provisions for how this will work, particularly in view of institutional FERPA requirements.

11. ED is required, under DLDP, to issue numerous contracts not necessary under FFELP. These include contracts for: servicing pilot loans and for servicing income contingent repayment loans; collection of defaulted loans; establishment and operation of a central data system for direct loans; programs for default prevention; other programs ED determines are needed for a successful pilot. All contracts are to be awarded by February 1, 1994.

Evaluation of the Pilot as a Test of a Direct Lending Operation

A chief concern with any pilot program has to do with the adequacy of the test; how closely it matches an, as yet, unknown reality.

The DLDP sampling procedure, as proposed by ED, seems sophisticated and subtle. It will likely unearth most of the major issues to be encountered in the start-up of a full scale, national program. The question, however, is whether it would be a better test (preparation for reality) to allow as many schools that wished to phase in direct lending, but not "all or nothing".

A particular area of concern regarding DLDP has to do with the income contingent repayment option. This option has already been pilot tested in a different form and the results were not altogether positive. We should learn from the past. From the Rochester Institute of Technology (RIT), a current participant in the ICL pilot, we know:

1. It is important that repayment schedules allow loan recipients of loans the opportunity

to consider areas of employment consistent with their academic preparation, yet sets realistic repayment schedules that encourages higher and earlier payments.

2. The payment amount during an initial repayment period (the first two years) is too low. It is 5% of the outstanding balance. In the third year of repayment, it jumps to 7 - 10%, depending upon the outstanding balance. In this case, the increase is too big, and it is impossible to predict what the payment will be so that recipients of loans can plan accordingly.

3. If the first few years of repayment are designed to collect payments for interest only, with the idea that after a period of time, recipients begin to repay both principal and interest, care must be taken so that recipients of loans do not underestimate the magnitude of the later repayments; therefore, committing themselves to car, home, and other types of payments which may ultimately impact their ability to repay.

4. The payment is calculated on a student's and spouse's combined AGI. Other student loans are not taken into consideration. It is imperative that a new Income Contingent Loan repayment schedule take into account that recipients of loans may, in fact, marry. The current process is that the student's and spouse's combined AGI is used to calculate the monthly amount for an individual's repayment. If both had, in fact, utilized ICL's, their monthly payment would be exorbitant because the assumption is made that each can repay based on combined AGI. This is not the case. Any new program should take this into account in planning repayment schedules.

5. Current ICL's cannot be consolidated with other federal loans in the Federal Consolidation Loan Program. It is important that any new program be able to be consolidated. The current Income Contingent Loan program applies a yearly inflation factor to the AGI used in calculating repayment. It is based on an incorrect assumption

that borrowers will receive a salary increase that mirrors or exceeds inflation. A new program needs to utilize a more dynamic, yet more realistic table taking into account inflation, projected income growth, etc.

6. The inflation factor is not released in a timely manner. It is important that this inflation factor be built in up front so that the borrower has an opportunity to plan for changes in their repayment amounts.

7. For purposes of administering a loan program and for planning, it would be helpful if income ranges were established for setting repayments. Borrowers falling within specified ranges would then have a set percentage required in repayment, and could plan accordingly. The current schedule is a continuous schedule rather than a grouped one, making it needlessly complex.

Pilot studies, such as DLDP, have an additional purpose as well. They should experiment with new and different underlying programmatic assumptions as well as with new methodologies. While DLDP introduces some new methodologies for examination and testing, it does little to alter the underlying structure of educational lending. This is, perhaps, its greatest shortfall. The DLDP pilot offers an unusual opportunity to do educational lending in new ways. We should not let such an opportunity pass lightly because of the evaluation design constraint.

Effects on Current Program of Planned Direct Lending Program

The current plan for a pilot has several significant disadvantages. Most importantly, schools that count on the student loan programs for funding will be hesitant if not resistant to try the direct loan program given its "all or nothing" requirement. There is too much at risk to try an experiment of an unproven system. NYU, for example, would be gambling nearly $100 million

if selected for the pilot. As indicated in the recommendations, if a more gradual phase-in were possible, for some of the first time borrowers in year one, then we might be more inclined to participate.

Another concern is having multiple lenders and guarantors for a given borrower. Students at schools selected for the pilot could be in this situation if they borrowed previously. While the statute allows for consolidation loans, ED does not have the same options as current lenders. In addition many people have indicated concern about the solvency of current guarantors - some citing the Higher Education Assistance Foundation troubles in the last few years. These last two concerns for the current program could be better addressed during phase-in if current borrowers were allowed to continue borrowing under the existing program with their existing lender and guarantor.

<u>Recommendations for Change</u>

Administration of the FFELP has, fundamentally, changed little over the last two decades. Most lenders, guarantors and institutions continue to rely on a process that is overly paper dependent and complex. Hence, it is expensive to administer. In addition, the due diligence rules governing collections and defaults are process oriented rather than results oriented. Incentives for superior performance, such as low institutional default rates, are absent. It is easy for collection agents to simply adhere to the letter of due diligence regulations, rather than the spirit. Clearly it is time for this aspect of the program to be changed.

In theory, direct lending should be simpler than FFELP. Schools and borrowers will interact with one lender rather than with many lenders and guarantors, plus secondary markets. It

should result in a simplification and standardization of the process to make borrowing more accessible and easier to understand, for all concerned.

ED's version of DLDP offers some of these advantages. Making use of the FAFSA as an entry document for a potentially unified student aid delivery system, including direct loans, is a significant step in the right direction. ED's initiative into the use of imaging technologies should also be applauded. Any step that reduces or eliminates paper from the process also eliminates cost, thereby improving the chances of success of DLDP. Institutions, already strained with the costs of administering financial aid, would embrace DLDP if it is accessible and manageable. But the underlying structure of student borrowing could also be examined to determine if efficiencies are to be gained through alteration.

Recommendation 1:

The notion of direct lending as currently planned should be abandoned, or at least modified. We are told that American taxpayers are spending over $1 billion a year to subsidize the FFELP program delivery. The statute should be amended so that schools could have the option to phase in a new federal direct lending program (FDLP) over several years while simultaneously operating the current programs if they choose. This averts the "all or nothing" decision for institutions that the pilot proposes. Direct lending could become available <u>nationally</u> for some or all 1994-95 first time borrowers, and be phased in a class at a time thereafter (i.e. freshmen in 1994-95, freshmen and sophomores in 1995-96, and so forth). This phase in process was used in 1973-74 to phase in Pell Grants, and it worked. But the abandonment of the pilot <u>must</u> be accompanied by originality in thinking and ideas about how such a program can truly be operationalized. The ideas that follow are meant to address that goal.

Recommendation 2:

Schools should have the option of certifying loan eligibility and electronically transmitting student records to ED, which would then computer print and mail the promissory note (with both borrower and school section completed) directly to the borrower for signature and return to ED (if he/she wants the loan). ED would then electronically notify the school and the school could draw down the funds, credit the student's account, and conduct entrance interviews as appropriate. The prototype for this approach is in its fourth year in New York and is working very well (see modified sample NYU letter [Appendix C] telling students how this could work). Ultimately, when critics see that such a system does not encourage "unnecessary borrowing", the next step in simplification should be taken - the elimination of the promissory note as we know it.

FAFSA filers should someday sign a separate certification section promising to repay educational loans as they apply first seeking aid for a new credential (degree, certificate, etc.). Based on that signature on file, a line of credit could be issued to the student for the period of time required for them to complete that degree. Schools could simply draw down the money each time the student registered, certifying then if the loan should be subsidized or unsubsidized. It is a mechanism similar to that used every day by credit card companies, with great effectiveness.

A similar--sign one time only--procedure should be developed for parents to use with PLUS. For now, a PLUS checkoff box should be added to the 1994-95 FAFSA so that ED could conduct credit checks, then notify schools of the availability of funds after ED received back from the parent the signed application and/or promissory note, if required at all.

Neither option--FAFSA loan applications or simplified PLUS applications--should be available to institutions with high default rates.

Recommendation 3:

Due diligence requirements that prescribe a mere process of collection should be abolished for ED's contracted collection agencies. Performance standards should be established with an accompanying system of incentives and penalties--depending upon actual performance. The current system prescribes actions that may or may not be effective. Simple adherence to the prescription holds the collection agent harmless, regardless of performance.

An even more preferred collection procedure would either directly employ the IRS or a contracted agent with interactive access to the IRS records of student loan borrowers. This would greatly simplify the establishment of payback rates for borrowers under the income contingent repayment option. IRS records could also be used to verify employment in a national service capacity, thereby establishing borrower eligibility for loan forgiveness. It would also eliminate most of the default problem, currently at $3.5 billion a year. In addition, IRS data could be used to conduct automated verification and feed the reapplication process for all student aid, further reducing waste and fraud in the system.

Recommendation 4:

Direct lending authorizing legislation should require Treasury to make funds available to ED each summer, no later than August 1. This will ensure institutions of funds when needed, preventing financial hardship for schools and students.

Recommendation 5:

Begin to communicate with secondary and post-secondary schools, the public and the media about the Direct Lending Program in the spring of 1993. Each group should know what is planned, when it will happen and how it will affect students. It is not too early to announce designs for 1994-95. In fact draft FAFSAs should now be in comment solicitation among financial aid administrators. This design should be finalized by 6/1/93.

Recommendation 6:

The direct loan drawdown procedures should tie in with the Pell Grant data base and disbursement system. Direct loans should be available to institutions as a completely integrated sub-unit of the Central Processing System (Pell Grant) data system and accessible via the same technology, including telephone services.

Recommendation 7:

Use the National Student Loan Data System to effect and expedite reconciliation between ED or its contractor and institutions. This too should be integrated with the CPS and be available by 1/1/94.

Recommendation 8:

Income Contingent Repayment should be an offer of last resort to borrowers. Income contingent repayment schedules should only be developed for borrowers who are having trouble on a traditional 10 or 15 year repayment schedule. Minimum payments on the income contingent plan should always equal or exceed the interest on the loan, thereby preventing the borrower from sinking even further into debt.

Recommendation 9:

Institutions with low default rates should be permitted to participate in direct lending with fewer requirements and audits than institutions with high default rates. High default rate schools should be made to do more extensive exit and/or entrance interviews than low default schools. High default schools should be forced to frequently undergo special financial aid accreditation reviews to determine causes for high defaults. Schools with chronic high default rates, in excess of 20%, should lose Part D eligibility.

Recommendation 10:

ED should have responsibility, along with participating agencies, companies, etc., for verification of borrower participation in the national service loan repayment option. When fully funded and operational, repayment through national service should:

1. permit loan forgiveness of up to 60% of the principle borrowed
2. have eligibility restricted to loans originated prior to the borrower's twenty-third birthday
3. have eligibility restricted to the first four years of borrowing Part B and D student loans
4. permit forgiveness by 30 day service periods (20 days of actual full-time service); 1.8% of the outstanding principle forgiven for each 20 days of service; no forgiveness with less than 120 days total full-time service
5. certify participating agencies, schools, companies, etc. according to a specific set of criteria, published well in advance of the program.

Recommendation 11:

ED should ensure loan access during the transition to direct lending. Small and/or poor schools will, due to lack of resources, have difficulty keeping up with "another new financial aid

program from Washington." The phased in approach recommended in #1 would help these schools.

Recommendation 12:

Institutions incur start up costs for any new financial aid program, including direct lending. Institutions should be reimbursed at a rate of $50 per Part D loan (to a maximum of $100,000 per year) for the first four years of the program. This funding can be used to establish systems, consortia, etc. to ensure that the program is effective and that access is preserved. After the first four years there should be no administrative allowance.

Recommendation 13:

ED should confirm that a Part D participating school will not have any "credit limit" established. Lending must be student driven, not institutionally limited. If, however, a school develops a high default rate over time, instituting an institutional credit limit will limit taxpayer liability.

Recommendation 14:

As Part B loans are phased out ED should retain some banks and guarantors to ensure smooth transition. Incentives should be created to keep some in the program until the phase-in is complete. One example is continuing a guarantor's ACA percentage but based upon its portfolio until student loans are paid off, rather than on new guarantees. ED should establish a final expiration date for all outstanding Part B loans. Outstanding paper should be purchased by ED or its contractor 18 years after the first Part D loan, of a Federal Direct Loan Program (FDLP) is originated.

Recommendation 15:

A default write off process should be developed prior to implementation of FDLP to prevent large backlogs of defaulted loans, and the adverse publicity that accompanies them.

Recommendation 16:

Fund drawdown dates for FDLP should be in statute prior to implementation.

Recommendation 17:

Regulatory if not statutory provisions to protect schools from inadvertent fiscal liability should be enacted prior to FDLP implementation.

Much of this liability disappears if Recommendation #2, dealing with promissory note issues, is adopted.

Recommendation 18:

Loan servicing must be operational prior to making the first Part D loan and it should incorporate performance criteria, as discussed in Recommendation #3. We have, over the years, learned the hard way that the whole system must be ready at start-up, not just application processing. Some of these loans will be for six month programs and will go into repayment in twelve months.

Recommendation 19:

DLP should incorporate, at inception, appropriate protection and oversight provisions so that high default rate institutions are denied access to the program as quickly as possible.

Recommendation 20:

DLP should be phased in over a four to five year period so that institutions can make choices about how they wish to participate. This will allow institutions who are currently without the technical means to electronically transmit appropriate data, to develop it with ED's assistance.

Recommendation 21:

Students should be permitted to consolidate Part D loans with Part B loans, or vice versa, to simplify payment schedules and to enhance borrower understanding of their financial responsibilities.

Recommendation 22:

Students attending schools that cannot or do not administer funds properly should not be penalized. An "Alternative Disbursement System" (similar to ADS for Pell Grants) should be developed to ensure that funding is available to these students.

Recommendation 23:

The Advisory Committee on Student Financial Assistance should be asked to evaluate the effectiveness of direct lending on a continual basis. In particular, they should closely advise Congress and the Secretary during implementation.

Recommendation 24:

ED should delete the requirement that a student must sign a separate paper to authorize electronic funds transfer from the government to his or her account at the school. Rather, the authorization should be included on the promissory note (and someday added to the certification

statement on the FAFSA).

Recommendation 25:

ED should move up the key dates in the schedule for 1994-95 loan delivery. Assuming recommendation #1 is adopted, ED should publish final regulations by June 1, 1993. Schools should sign up by July 1, 1993 and initial participants should be committed by 10/1/93. Most importantly the FAFSA design should be finalized by 5/1/93 so printing schedules and system design timelines may be adjusted accordingly. The national distribution of the 1994-95 FAFSA should begin on 11/1/93 and the CPS should begin processing on 1/2/94. If these dates are met schools could begin sending ED "certified" student loan records on 4/1/94 so ED could be mailing preprinted 1994-95 promissory notes and disclosure statements to students by 4/15/94.

Recommendation 26:

ED should amend its contract with the "Public Inquiry" (1-800-4-FED-AID) contractor such that students could call one number to get information on any Title IV financial aid, including the status of loan processing.

Recommendation 27:

ED should accelerate implementation of the Nation Student Loan Data System so it is ready on 1/1/94.

Recommendation 28:

ED should make the servicing contractor RFP include terms of 5-7 years duration. There needs to be an incentive to get the best contractor(s) and the usual one year with two one-year options

will not attract the best. This would also nearly eliminate the major problem of student confusion about who owns and is serving the loan.

Recommendation 29:

The statute should be changed so that ED can offer the full compliment of programs currently in the FFELP, especially the unsubsidized Stafford Student Loans.

Conclusion

DLDP introduces, as a "scientific" pilot, a lot more complexity into an already overburdened system. ED has set it up as a stand alone unit and is hampered by the need to generate research data and report on progress. Abandonment of the "pilot" concept will allow ED to devote its full resources to phase-in implementation of DLP, thereby helping to ensure its success.

Direct lending is an idea whose time has apparently come. Congress should now authorize this phased-in direct lending and the program should be fully implemented and operational by 1997. If the recommendations of this report are followed, the DLP will be more successful: it will reduce cost to taxpayers and it will simplify the process for borrowers and schools. The IRS collection recommendation, if adopted, will eliminate the majority of defaults, thereby increasing available funding for postsecondary education.

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Appendix A

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New York University
A private university in the public service

Office of Financial Aid

25 West 4th Street
New York, NY 10012
Telephone: (212) 998-4488

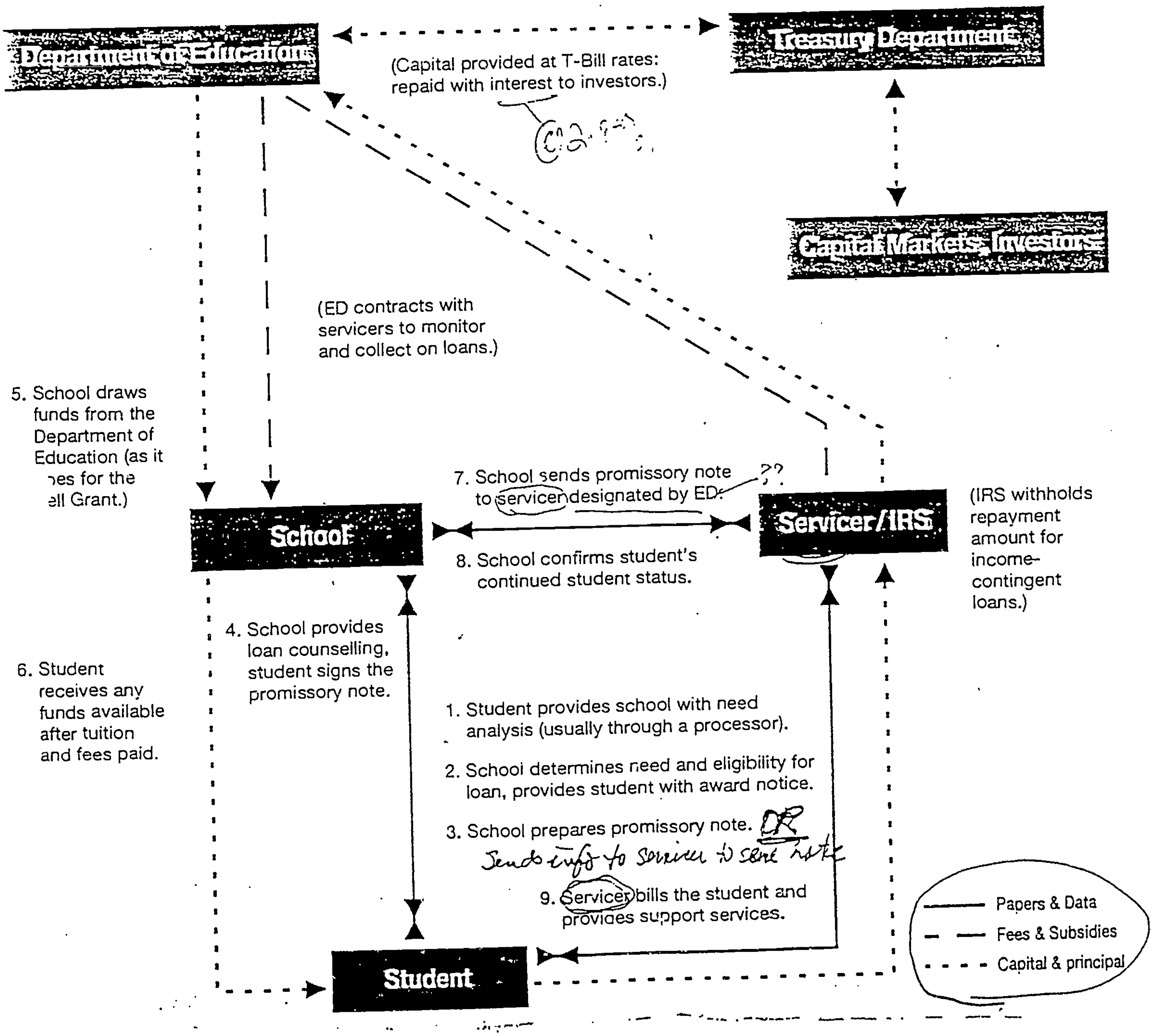
MEMORANDUM

To:	Those listed below	cc:	Ken Fauerbach - NYU
From:	Keith Jepsen		Chuck Kuhlman - NYU
Date:	February 19, 1993		Dallas Martin - NASFAA
Subject:	Direct Lending Project		

Yesterday after President Clinton's budget address the National Commission on Responsibilities for Financing Postsecondary Education (see final report "Making College Affordable Again" released 2/3/93, especially Chart #10 on page 45) contracted with me to prepare a report by 3/15/93 on a direct lending program. This note is to invite your participation in the project over the next several weeks. If you are interested give me a call on x4480 any time (24 hrs./day). The NYU Telecommunications Department is helping me set up some videoconferences for next week and we need to know when (dates, hours) you can be available next week. Hopefully you will be able to use a video site which we would arrange in your area.

Name	Position	Organization
Pam Arch	Mgr./Client Support Services	NYU
Bill Banks	Vice President	Chemical Bank
Stephen Blair	President	NATTS
Dick Boyle	Vice President/Regional Servicing	Sallie Mae
Lynne Brown	Director/University Relations	NYU
Doug Bucher	Mgr./Client Services,Undergraduate	NYU
Bob Butler	Associate Vice President	NYSHESC
Tom Butts	AVP for Government Relations	Univ. of Michigan
George Chin	Director of Financial Aid	CUNY
John Curtice	Director of Financial Aid	SUNY
Fred Eckert	Vice President	Student Loan Corp.
David Finney	AVP/Enrollment Services	NYU
Kathleen Fonseca	Mgr./Client Reception & Phone Serv.	NYU
Barry Greif	Associate Treasurer	NYU
* Elizabeth Hicks	Coord./Financial Aid	Harvard Univ.
Larry Hitchcock	Mgr./Budget Planning & Policy	NYU
Peter Keitel	Executive Vice President	NYSHESC
Joe McCormick	Consultant	
* David McDermott	Deputy Controller	Univ. of Colorado
Bill Moran	Deputy Assistant Secretary	ED
Charles Mullen	Bursar	NYU
Larry Oxendine	Director/Direct Lending Pilot	ED
Dennis Scott	Director/CPS	NCS
Edith Simchi-Levi	Mgr./Client Information Services	NYU
Ken Snyder	Dir./Info. Systems, Enroll. Serv.	NYU
Paul Stutsman	Assoc. Director of Financial Aid	Univ. of Colorado
Jerry Sullivan	Director of Financial Aid	Univ. of Colorado
Tom Wenman	Director/Federal Relations	ISAC

* member NASFAA "Task Force on Implementation of Direct Lending"



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Appendix B

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New York University
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Office of Financial Aid

25 West 4th Street
New York, NY 10012
Telephone: (212) 998-4488

MEMORANDUM

To: Participants in 2/25 1:00 pm Eastern Time Video/Teleconference

From: Keith Jepsen

Date: February 24, 1993

Subject: Direct Loan Electronic "Town(s) Hall Meeting" particulars

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Hopefully tomorrow's video conference call will be a good approach to get the latest thinking/news, get to meet each other, and not have to travel far. Please be at your location 15 minutes early so you can get familiar with the equipment, etc. Attached is the confirmation of reservation form from AT&T Global Business Video Services. Please consult the form for the 700 number that needs to be dialed to get access to the network "bridge" we are using (your host site will actually do this, but I include this for your information should the need arise. Note: the 700 number must be dialed twice).

Here are the locations:

1. New York City: NYU Bobst Library
   70 Washington Square South
   Avery Fisher Center (2nd floor)
   Room 238
   Contact: Ken Fauerbach (212) 995-3393

2. Boston: PictureTel
   The Towers at North Woods
   222 Rosewood Drive
   Danvers, MA
   Contact: Jean Karn (508) 762-5000
   Directions: Route 1 north to Route 114 west. 1/4 mile on 114, then left at the light into North Woods Business Park. PictureTel is in the building on the left (across from Registry).

3. Denver: PictureTel
   4600 South Ulster Street
   Suite 700
   Denver, CO phone: (303) 694-0613
   Metro Point Building, Denver Tech Center (near Hyatt Regency Hotel)
   Directions: Take Interstate 25 south to Bellevue exit, then 2 blocks east on Ulster, turn left and proceed 1 1/2 blocks (just past East Union Street). Parking on the right.

4. Washington DC: PictureTel
   2750 Prosperity Avenue
   Suite 110
   Fairfax, VA
   Contact: Laurie Gentilly (703) 641-1100

Directions: Take 495 south toward Virginia, get off at exit 8 Route 50/ Arlington Boulevard toward Fairfax. Get in left lane (not towards Gallows). At the third light turn right onto Prosperity Avenue. At the second light turn left onto Hill Top Road, take first right into parking lot for 2750 Prosperity Avenue.
From Dulles Airport: Take Dulles Toll road, get off at Route 7 Tysons Corner going east. Stay on Route 7 for approx. 3 or 4 miles. Turn right onto Gallows Road, follow approx. 3 miles, turn right onto Prosperity Avenue.

5. Albany NY: AT&T
16 Corporate Woods Boulevard
Albany, NY
2nd floor, general managers conference room
Contact: Ed Mason (518) 447-6914
Directions: 3 miles from downtown; take route 787 north to 90 west, get off at exit 5A (Corporate Woods Blvd). 3rd building on the left.

6. Austin: (by speakerphone, NYU will dial Austin)
Tom Wenman's hotel room
Embassy Suite Hotel
downtown Austin, TX phone (512) 469-9000

Here's how the video call will work:

When your site first dials in you will be in the "loop" back and will see your own room. At that time someone needs to speak for 5-10 seconds. Say something like: "this is the Boston site signing on. Betsy Hicks on the air". All other cameras will switch to your site. These boxes are voice activated, so you are asked to "mute" your station until it's your turn. Also any loud noise in the background will capture the focus to that site if the mute is not on.

Round One:

1. 3-5 minutes from each of you who wish to talk. Give your name as you start.
2. No interruptions.
3. KJ will call on each "town", one at a time until all "towns" have spoken. The first "town" will be Boston (and last will be NYC).

Round Two:

1. KJ will first call on each "town" again, one at a time, in the same order as round one to see if anyone thought of other things to say, possibly sparked by what was said by others or overlooked in round one.

2. As coordinator KJ will then open up "multi-point" discussion/comments by recognizing those who wish to speak. Please identify yourself by name and city: (eg) "this is Betsy in Boston" or "this is Dave in Denver". As the switch is being made between sites the image will freeze for 5 seconds. You can still hear the person.

Here are the objectives for the meeting:

1. To hear (and see?) your understanding of what ED plans (or should plan).

2. To get your thoughts on how the design can be made better.

3. To note your major concerns as we enter the new world of direct lending.

N.B.: The National Commission will not meet again before it "goes out of business" 4/30/93. Its final report recommends direct lending. The paper that is written from this consulting project is addressed to the executive director of the staff, Jamie Merisotis, who, it is assumed, will also share it with others interested in knowing how direct loans can best be implemented. Accordingly, our discussions for this project will not debate if there should be a direct loan program. Rather, our task is to tell people how to make "it" work, whatever "it" is. As Secretary Riley is quoted in today's Chronicle, "There's a lot to work out."!

Here are the questions for which answers from you are requested:

1. Who are the players and what role should each play?

2. How do you see the program working? Information flow? (Brief walk-through if you can) Charts can be held up to camera.

3. What concerns do you have?

4. What if there is no pilot? How should the transition be phased?

5. What do you think of allowing a school to participate in the program (for some new students) and simultaneously continue in the regular program (for some renewal students) during 1994-95; that is, not "all or nothing" in year one? (Needs law changed, if so)

6. What do you think of having schools keep track of their marginal costs so that later an administrative allowance could be researched and proposed?

Give me a call at x4480 if you want to talk before "air time" tomorrow. Thanks.

ERIC

AT&T Global Business Video Services

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CONFIRMATION OF RESERVATION

RESERVATION/WT
GENA 404-526-845

Customer Name: NEW YORK UNI
Setup Date: 02/25/93
Start Date: 02/25/93
End Date: 02/25/93
No. of locations: 5
Order Date: 02/24/93

Reservation No.: 3340
Setup Time: 1245
Start Time: 1300
End Time: 1500
Conference Password: 003340
Attendant: grr

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Location: ALBANY,NY
Number Assigned: 700-739-7213 DIAL (TWICE)
Codec Description: PTEL S4000 SG3 BR
Dial-Out Number:
FAX Number: 518 447-6841
Operating Rate: 112
IMUX Mode:
Billing Number:

Location: DANVERS RM.A
Number Assigned: 700-739-7212 DIAL (TWICE)
Codec Description: PTEL S4000 SG3 BR
Dial-Out Number:
FAX Number: 508-762-5245
Operating Rate: 112
IMUX Mode:
Billing Number:

Location: DENVER,CO
Number Assigned: 700-739-7211 DIAL (TWICE)
Codec Description: PTEL S4000 SG3 BR
Dial-Out Number:
FAX Number:
Operating Rate: 112
IMUX Mode:
Billing Number:

Location: FAIRFAX,VA
Number Assigned: 700-739-7210 DIAL (TWICE)
Codec Description: PTEL S4000 SG3 BR
Dial-Out Number:
FAX Number: 703-846-0265
Operating Rate: 112
IMUX Mode:
Billing Number:

Location: NEW YORK, NY
Number Assigned: 700-739-7209 DIAL (TWICE)
Codec Description: PTEL S4000 SG3 BR
Dial-Out Number:
FAX Number: 212-995-4040
Operating Rate: 112
IMUX Mode:
Billing Number:

Please call 1-800-VIDEO-GO, PROMPT 1 should you find any discrepancies in your reservations or should these reservations change in any way.

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Times are in Eastern Standard Time

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